

STRATEGY LABS

State Policy to Increase Higher Education Attainment



Presentation Overview

- Lumina Strategy Labs
- Lumina State Policy Agenda
- Rationale for Outcomes-Based Funding
- National Context
- Research Informed Best Practices/Design Principles
- Common Metrics
- Research

STRATEGY LABS

State Policy to Increase Higher Education Attainment

Lumina's vehicle for higher education system change

Strategy Labs are an open platform for leaders and influencers in all 50 states to share research and data, encourage peer learning and provide opportunities for on-request support from Lumina Foundation and its state policy partners.

Strategy Labs Support

- Technical assistance and consulting support is provided to state leaders working to increase higher education attainment in their states.
- Four types of support
 - Non-Partisan, Evidence-Based Policy Expertise
 - Convening and Facilitation
 - Advising Policymakers
 - Policy Research

Lumina State Policy Agenda

Guidepost to Advance Goal 2025

- Focused on student-centered, outcomes-based postsecondary education systems and
- Increased capacity to reach more students

Four Core Elements

State Commitment

Strategic Finance

Affordability

Innovation



PERFORMANCE-BASED FUNDING 2.0/ OUTCOMES-BASED FUNDING: RATIONALE, NATIONAL CONTEXT & BEST PRACTICES

Policy Rationale for Funding for Outcomes

Align funding method with state/system priorities

Attainment & Equity

Jobs/Economic Development

Accountability & Transparency

Support Scaling of Proven Student Success Practices

Programmatic Evaluation and Change

Improve Efficiency & Reward Outcomes

Align institution priorities

Components of State Funding Models

Historic

- Allocation based on prior levels of funding
- Adjusted +/- based on available funds
- Goal: Institutional fiscal stability
- Challenge: Equity in institutional funding

Enrollment

- # of students enrolled at census date
- Recent shift to course completion
- Goal: expand access
- Challenge: Incentive on prolonged persistence/retention

Early Performance

- Reward for reaching performance milestones or goals
- Completion not necessarily key objective
- Often 'bonus' (new allocation) or small % of general allocation
- Challenge: Sustainability and funding

Performance 2.0/

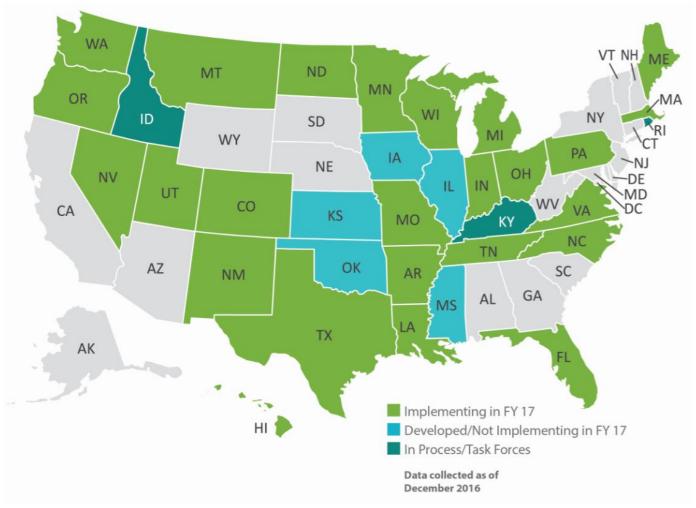
Outcome-Based

- Funding based on student success and completion
- Significant portion of general allocation to institutions (not reliant on new money-only/separate allocation)
- Challenge: College's ability to respond

Outcomes-Based vs. Early Performance-Based Funding: What's the Difference

- <u>Early Performance Funding</u>: Broad set of policies linking allocation of resources to accomplishment of certain desired goals. Historically:
 - Often add-ons or bonuses to institution core state funding or small amounts of reallocated dollars;
 - Metrics: broad, contradicting, not tied to state's completion or attainment goals (e.g., increased access, diversity in faculty higher expenditures on research)
 - Design: One-size fits all, vague measures, target-oriented
- <u>Performance 2.0/Outcomes-Based Funding</u>: Evolved form of performance-based funding
 - More explicit connection to state needs
 - Focus on student progress and completion
 - Closing gaps in student outcomes (at-risk students prioritized)
 - · More money at stake; part of core allocation to institutions
 - Refined development & modeling approaches: all institutions included with differentiation to reflect mission; formula driven to allocate proportional amount of dollars.

States Developing and Implementing Performance 2.0/Outcomes-Based Funding Models



Wide Variation Among OBF Models

Elements of strong models:

- Linked to an attainment or completion goal
- Stable and formula-driven
- Level of funding is sufficient to drive institutional change
- Includes all public institutions
- Differentiates metrics across sectors
- Includes degree/credential completion
- Prioritizes underserved students
- Sustained over consecutive years

Common Measures

Type of Measures	Examples			
Student Progression and Momentum Intermediate outcomes/key milestones important to student's progression toward completion	 Remedial education success Completion of first college-level mathematics and English courses Credit accumulation (e.g. 15, 30 credit hours) 			
Completion & Outcomes Promote certificate, degree completion, transfer	 Number of program completers Number of transfers Graduation rates Job Placement 			
Productivity & Institution Mission Promote efficiency, affordability and focusing dollars on core mission functions	Degrees per 100 FTEResearchWorkforce Training			
Priority Student categories and/or degree types that are a priority for the state to meet attainment and job needs. Student focus is on progression and completion, not just access.	 Adult students Academically underprepared students Low-income (Pell-eligible) students Minority students STEM-H degrees Note: often reflected by providing an extra weight to progression and completion metrics 			

Other Considerations

Quality

- Difficult to measure as direct element of funding formula (inconsistent/non-standard data)
- Monitor: licensure assessments; general education assessments; grade inflation; job placement; employer and student satisfaction surveys; major field assessments; academic program review/reforms

Post Graduate Outcomes

- Remains an evolving field as data systems and capacities get stronger. Stronger connection/use in two-year sector formulas
- Primarily reflected as STEM-H or priority field completions
- Other approaches include: Percent of students employed or enrolled in advanced degree programs; wage increases

Mission Differentiation

- Separate formula
- Metrics apply to specific sectors
- Weighting across common metrics

Comparison of Metrics in Leading States: Indiana, Ohio & Tennessee

OBF 2.0 PERFORMANCE METRICS/WEIGHTS	INDIANA		оню		TENNESSEE	
	2 year	4 year	2 year	4 year	2 year	4 year
College Credit Accumulation/ Course Completion	•	•	•	•	•	•
Degree/Certificate Completion	•	•	•	•	•	•
Developmental Course Completion	•		•		•	
Graduation Rate (On-Time/6 years)	•	•				•
Transfer			•		•	•
Workforce Training					•	
Job Placement					•	
Dual Enrollment					•	
Research & Service						•
Weight: At-Risk/Low Income Students	•	•	•	•	•	•
% of State Funding based on Outcomes	6.5%		100%	80%	85%	



RESEARCH

Prior Research: Primarily Focused on Early Performance-Based Policies

- Qualitative Research
 - Numerous studies by Kevin Dougherty, et al.
 - Intermediate effect of earlier (PBF) models
 - Institutions respond to financial incentives
 - Programmatic (accelerates implementation of programmatic reforms)
 - Policy/Student Support Services
 - Concerns: Quality, Unintended Consequences (Limiting access), Complicated Structure/Ability of Institutions to Respond
- Quantitative Research
 - Attempts to look at affects of funding policies on student outcomes
 - Limitations:
 - Do not distinguish across state policies (intent, design, significance of funding)
 - Findings:
 - Sustainability of policy matters
 - Highlights need to focus on underserved student populations
- This research has served as foundational research to inform many well-established design principles

Research for Action: Indiana, Ohio and Tennessee

- Funding Models Can Have an Effect on Student Outcomes
 - Student Level Data in Indiana and Tennessee: strong, positive effect on interim and long-term outcomes
- Sustainability of Policy
 - Increased, stronger effects after policy in place for longer (2-5 years)
 - Relatively small percentages of funding have effect if sustained over time.
- Balancing Stability & Flexibility
 - Standard timeline for review of funding policy and respond to changing priorities and address concerns
 - Year-to-Year changes make it difficult for institutions to respond effectively
 - Engage institutions in process
- Institutional Response and Leadership
 - Institutions aligned strategic plans and strengthened student-focused policies
 - Institutional leadership matters in capacity to respond

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